



## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-570-127]

#### **Certain Non-Refillable Steel Cylinders from the People's Republic of China: Final Affirmative Countervailing Duty Determination**

**AGENCY:** Enforcement and Compliance, International Trade Administration, Department of Commerce.

**SUMMARY:** The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of certain non-refillable steel cylinders (non-refillable cylinders) from the People's Republic China (China).

**DATES:** Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

**FOR FURTHER INFORMATION CONTACT:** Kristen Johnson or John Conniff, AD/CVD Operations, Office III, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4793 or (202) 482-1009, respectively.

#### **SUPPLEMENTARY INFORMATION:**

##### Background

The petitioner in this investigation is Worthington Industries. The mandatory respondents subject to this investigation are Ningbo Eagle Machinery & Technology Co., Ltd. (Ningbo Eagle) and Wuyi Xilinde Machinery Manufacture Co., Ltd. (Wuyi Xilinde).

On August 28, 2020, Commerce published the *Preliminary Determination* in the *Federal Register*.<sup>1</sup> In the *Preliminary Determination*, in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.210(b)(4), Commerce aligned the final CVD

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<sup>1</sup> See *Certain Non-Refillable Steel Cylinders from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 85 FR 53323 (August 28, 2020) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum (PDM).

determination in this investigation with the final antidumping duty (AD) determination in the companion AD investigation of non-refillable cylinders from China.

A summary of the events that occurred since Commerce published the *Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final determination, may be found in the Issues and Decision Memorandum which is hereby adopted by this notice.<sup>2</sup> The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

#### Period of Investigation

The period of investigation is January 1, 2019, through December 31, 2019.

#### Scope of the Investigation

The products covered by this investigation are non-refillable cylinders from China. For a full description of the scope of this investigation, *see* Appendix I.

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<sup>2</sup> See Memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination of the Countervailing Duty Investigation of Certain Non-Refillable Steel Cylinders from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

## Scope Comments

On October 23, 2020, Commerce issued the Preliminary Scope Decision Memorandum in which it determined to modify the language of the scope as it regards non-refillable cylinders filled with compressed air.<sup>3</sup> We received no comments from interested parties regarding the Preliminary Scope Decision Memorandum. Thus, the scope of the investigation, as contained in the Preliminary Scope Decision Memorandum, remains unchanged.

## Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties in this investigation are discussed in the Issues and Decision Memorandum. A list of the issues raised by parties, and to which we responded in the Issues and Decision Memorandum, is attached to this notice at Appendix II.

## Methodology

Commerce conducted this investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, Commerce determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.<sup>4</sup> For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

In making this final determination, Commerce relied, in part, on facts available pursuant to section 776(a) of the Act. Additionally, as discussed in the Issues and Decision Memorandum, because one or more respondents did not act to the best of their ability in responding to our requests for information, we drew adverse inferences, where appropriate, in selecting from among the facts otherwise available, pursuant to section 776(b) of the Act. This includes seven companies that did not respond to Commerce’s quantity and value questionnaire;

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<sup>3</sup> See Memorandum, “Antidumping and Countervailing Duty Investigations on Certain Non-Refillable Steel Cylinders from the People’s Republic of China: Preliminary Scope Decision Memorandum,” dated October 23, 2020 (Preliminary Scope Decision Memorandum) at 7-8.

<sup>4</sup> See sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

as described in the *Preliminary Determination*,<sup>5</sup> we have applied an adverse inference in selection of facts available for determining the subsidy rates for these companies, pursuant to section 776(d) of the Act. For further information, *see* the section “Use of Facts Otherwise Available and Adverse Inferences” in the accompanying Issues and Decision Memorandum.

#### Verification

Commerce was unable to conduct on-site verification of the information relied upon in making its final determination in this investigation. However, we took additional steps in lieu of an on-site verification to verify the information relied upon in making this final determination, in accordance with section 782(i) of the Act.<sup>6</sup>

#### Changes Since the *Preliminary Determination*

Based on our review and analysis of the comments received from parties, we made certain changes to Wuyi Xilinde’s subsidy rate calculations, the adverse facts available rate assigned to firms that did not respond to Commerce’s quantity and value questionnaire, and the all-others rate. For a discussion of these changes, *see* the Issues and Decision Memorandum.

#### All-Others Rate

In accordance with section 705(c)(1)(B)(i)(I) of the Act, Commerce calculated a countervailable subsidy rate for the individually investigated exporters/producers of the subject merchandise. Section 705(c)(5)(A) of the Act provides that, in the final determination, Commerce shall determine an estimated all-others rate for companies not individually examined. The rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any rates that are zero, *de minimis*, or rates based entirely under section 776 of the Act.

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<sup>5</sup> *See Preliminary Determination* PDM at 7-8, section “Application of AFA: Non-Responsive Q&V Questionnaire Recipients.”

<sup>6</sup> *See* Commerce’s Letter, “Countervailing Duty Investigation of Certain Non-Refillable Steel Cylinders from the People’s Republic of China: Verification Questionnaire,” dated November 5, 2020; *see also* Commerce’s Letter, “Verification Questionnaire for Wuyi Xilinde,” dated November 16, 2020.

In this investigation, as discussed in the Issues and Decision Memorandum, Commerce calculated individual estimated countervailable subsidy rates for Ningbo Eagle and Wuyi Xilinde that were not zero, *de minimis*, or based entirely under section 776 of the Act. However, notwithstanding the language of section 705(c)(5)(A)(i) of the Act, we have not calculated the all-others rate by weight-averaging the rates of the two individually investigated respondents, because doing so risks disclosure of proprietary information. We therefore calculated a weighted-average all-others rate using the mandatory respondents' publicly ranged U.S. export sales value for the subject merchandise..<sup>7</sup>

#### Final Determination

Commerce determines that the following estimated countervailable subsidy rates exist:

<b>Company</b>	<b>Subsidy Rate (percent) <i>ad valorem</i></b>
Ningbo Eagle Machinery & Technology Co., Ltd.	25.91%
Wuyi Xilinde Machinery Manufacture Co., Ltd.	18.37%
All Others	21.28%
Jiangsu Kasidi Chemical Machinery Co., Ltd.	186.18%
Jinhua Sinoblue Machinery Manufacturing Co., Ltd.	186.18%
Ningbo Runkey CGA Cylinders Co., Ltd.	186.18%
Ninhua Group Co., Ltd.	186.18%
Shanghai Ronghua High-Pressure Vessel Co., Ltd.	186.18%

<sup>7</sup> With two respondents under examination, Commerce normally calculates (A) a weighted-average of the estimated subsidy rates calculated for the examined respondents; (B) a simple average of the estimated subsidy rates calculated for the examined respondents; and (C) a weighted-average of the estimated subsidy rates calculated for the examined respondents using each company's publicly-ranged U.S. sale quantities for the merchandise under consideration. Commerce then compares (B) and (C) to (A) and selects the rate closest to (A) as the most appropriate rate for all other producers and exporters. See, e.g., *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010).

Zhejiang Ansheng Mechanical Manufacture Co., Ltd.	186.18%
Zhejiang Nof Chemical Co., Ltd.	186.18%

#### Disclosure

Commerce intends to disclose to interested parties the calculations and analysis performed in this final determination within five days of any public announcement or, if there is no public announcement, within five days of the date of the publication of this notice in accordance with 19 CFR 351.224(b).

#### Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination* and pursuant to section 703(d)(1)(B) and (d)(2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise as described in the “Scope of the Investigation” section entered, or withdrawn from warehouse, for consumption, effective August 28, 2020, which is the date of publication of the *Preliminary Determination* in the *Federal Register*. In accordance with section 703(d) of the Act, effective December 26, 2020, we instructed CBP to discontinue the suspension of liquidation of all entries at that time, but to continue the suspension of liquidation of all entries between August 28, 2020, and December 25, 2020.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a CVD order, reinstate the suspension of liquidation and require a cash deposit of estimated countervailing duties for such entries of subject merchandise in the amounts indicated above, in accordance with section 706(a) of the Act. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated, and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

## International Trade Commission Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our affirmative determination that countervailable subsidies are being provided to producers and exporters of non-refillable cylinders from China. Because the final determination in this proceeding is affirmative, in accordance with section 705(b) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of non-refillable cylinders from China no later than 45 days after our final determination. If the ITC determines that material injury or threat of material injury does not exist, this proceeding will be terminated, and all cash deposits will be refunded. If the ITC determines that such injury does exist, Commerce will issue a countervailing duty order directing CBP to assess, upon further instruction by Commerce, countervailing duties on all imports of the subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation, as discussed above in the “Continuation of Suspension of Liquidation” section.

## Notification Regarding Administrative Protective Orders

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an administrative protective order (APO) of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

Notification to Interested Parties

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act and 19 CFR 351.210(c).

Dated: March 15, 2021.

Christian Marsh,  
Acting Assistant Secretary for Enforcement and Compliance.



## **Appendix I**

### **Scope of the Investigation**

The merchandise covered by this investigation is certain seamed (welded or brazed), non-refillable steel cylinders meeting the requirements of, or produced to meet the requirements of, U.S. Department of Transportation (USDOT) Specification 39, TransportCanada Specification 39M, or United Nations pressure receptacle standard ISO 11118 and otherwise meeting the description provided below (non-refillable steel cylinders). The subject non-refillable steel cylinders are portable and range from 300-cubic inch (4.9 liter) water capacity to 1,526-cubic inch (25 liter) water capacity. Subject non-refillable steel cylinders may be imported with or without a valve and/or pressure release device and unfilled at the time of importation. Non-refillable steel cylinders filled with pressurized air otherwise meeting the physical description above are covered by this investigation.

Specifically excluded are seamless non-refillable steel cylinders.

The merchandise subject to this investigation is properly classified under statistical reporting numbers 7311.00.0060 and 7311.00.0090 of the Harmonized Tariff Schedule of the United States (HTSUS). The merchandise may also enter under HTSUS statistical reporting numbers 7310.29.0025 and 7310.29.0050. Although the HTSUS statistical reporting numbers are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

## **Appendix II**

### **List of Topics Discussed in the Issues and Decision Memorandum**

- I. Summary
- II. Background
- III. Scope Comments
- IV. Scope of the Investigation
- V. Subsidies Valuation
- VI. Use of Facts Otherwise Available and Adverse Inferences
- VII. Analysis of Programs
- VIII. Analysis of Comments
  - Comment 1: Countervailability of the Export Buyer's Credits Program
  - Comment 2: Countervailability of the Provision of Electricity for Less Than Adequate Remuneration (LTAR) Program
  - Comment 3: Whether a Basis Exists for Commerce to Countervail "Other" Subsidies
  - Comment 4: Whether to Apply Total Adverse Facts Available to Wuyi Xilinde Concerning the Provision of Cold-Rolled Steel (CRS) for LTAR Program
  - Comment 5: Whether Commerce Should Adjust the Inland Freight Rate Used in Wuyi Xilinde's Benefit Calculation under the Provision of CRS from LTAR Program
  - Comment 6: Whether Commerce Should Adjust the Benchmark Interest Rate Used to Measure the Benefit to Wuyi Xilinde Under the Policy Loans to the Non-Refillable Steel Industry Program
  - Comment 7: Whether Commerce Used an Incorrect Benefit Amount in the Net Subsidy Rate Calculations for Wuyi Xilinde Under the Subsidy to Loan Interests for Shanghai Cooperative Enterprise and Subsidy to Unemployment Insurance Payment Programs
  - Comment 8: Whether Commerce Should Revise the Benefit Calculation for Wuyi Xilinde Under the Income Tax Deductions for Research and Development Expenses Program
  - Comment 9: Whether Commerce Committed a Ministerial Error in Wuyi Xilinde's Benefit Calculation for the Policy Loans to the Non-Refillable Containers Industry Program
  - Comment 10: Whether Commerce Committed a Ministerial Error in Wuyi Xilinde's Benefit Calculation for the Export Oriented Grants Program
- IX. Calculation of All-Others Rate
- X. Recommendation